

H I G H L I G H T S
MONTH ENDING: JULY 1991

INDUSTRY MONTHLY VOLUME

- o July's industry volume of 34.0 billion units was -4.4% below year-ago levels (-8.4% calendar adjusted). This comparison versus year ago was distorted by more substantial excess inventory to exhaust this year from the second quarter price increase programs than year-ago.

PM MONTHLY VOLUME & SHARE

- o This month's volume of 13.2 billion units was 1.0 billion units or +8.1% above year-ago levels (+3.6% calendar adjusted). Although sales were below normal during July of both this year and last year as the trade depleted excess inventory from second quarter programs, several factors contributed to this month's gain.
 - MARLBORO MEDIUM INTRODUCTORY VOLUME - During its second month of shipments, Medium sold 0.9 billion units and 2.0 billion units since introduction. July's volume benefited from promotional activities, with approximately 10% of Medium's volume sold on a 5 for 3 program.
 - DIRECT CUSTOMER INVENTORY DEPLETION RATES - The second quarter 1991 inventory build-up was more concentrated among fewer major accounts this year as compared to 1990, with McLane in particular holding a disproportionately large percentage of this year's total excess (28% vs 15% in 1990). As a result, a larger percent of Key accounts had fewer excess weeks inventory to exhaust this July and were therefore able to return to near normal purchase levels more rapidly. However, it is anticipated that August's sales will be somewhat below year-ago levels as a limited number of major accounts (including McLane) continue to exhaust excess stock.
 - CALENDAR - This July had one more shipping day (23) than July 1990.
- o PM's monthly share of 38.9 was +4.5 points above year-ago due to varying payback schedules of PM and the other manufacturers. On a year-to-date basis through July, PM's share of 43.0 was +1.8 points above the corresponding period year-ago.
- o PM exceeded the second revised forecast for the month by 1.6 billion units or 13.5%. This difference versus forecast was more concentrated among the Full Margin brands which were 1.5 billion units or 15.8% ahead, than Price Value brands which were 0.1 billion units or 4.0% above forecast.

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